

Board Charter



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BOARD CHARTER

1. Purpose

The Charter sets out the functions and responsibilities of the Board of VHM Ltd (VHM or the Company) within the governance structure of the Company.

2. Roles and Responsibility of the Board

The Board is accountable to shareholders for the performance of the Company. The Board also has a responsibility to oversee the conduct of the affairs of the Company consistent with its legal obligations as well as public policy.

The Board:

- Reviews and approves corporate strategies, the annual budget and financial plans in conjunction with the Company management which includes, but is not limited to:
 - Annual capex and operating expenditure
 - Capital management
 - Acquisitions
 - Divestment, and
 - Fund raising activities
- Oversees and monitors organisational performance and the achievement of the Company's strategic goals and objectives
- Monitors financial performance and liaising with the Company's external auditor (if appointed) to satisfy itself that the financial statements of the Company fairly and accurately set out the financial position and the financial performance of the Company for the period being reported
- Appoints and assesses the performance of the Chairman, Managing Director (MD)/Chief Executive Officer (CEO) and oversees succession plans for the senior executive team
- Establishes appropriate levels of delegation to the MD/CEO to allow effective management of the Company
- Oversees the effectiveness of management processes in place and approves major corporate initiatives
- Ensures an appropriate framework is in place to help guarantee the Company acts legally and responsibly on all matters consistent with the Code of Conduct
- Enhances and protects the brand and reputation of the Company
- Supervises Company's framework of control and accountability systems to:
 - Enable risk, regulatory compliance, occupational health and safety, environmental and community obligations and stakeholder engagement to be assessed and managed
- Monitors the culture of the Company
- Reports to and communicates with shareholders

Other than as detailed above, the Board has delegated responsibility of the management of the Company's business and affairs to the MD/CEO.



3. Board Composition and Governance

The Company values the skills, experience and perspective brought by Board members who are involved with stakeholders of the Company. The Board will use succession planning to achieve the progressive and orderly renewal of its Board membership. The Board may engage an independent professional consultant to identify suitable candidates in a director recruitment search process.

Candidates are selected based on their level of skill, knowledge and experience that enables the Board to discharge its responsibilities effectively. The selection process also aims to achieve an appropriate mix of skills, expertise (including accounting, finance, business, legal and management), experience and diversity (including gender).

The number of directors may be increased where it is highlighted that additional expertise is required in specific areas, or when an outstanding candidate is identified.

Board policy is that the MD/CEO may not become Chairperson. The role of Chairperson and MD./CEO are separate.

The Chairperson is responsible for:

- Leading the Board in its duties to the Company
- Oversight of the processes and procedures in place to evaluate the performance of the Board, its committees and individual directors
- Ensuring the annual performance evaluation is undertaken, and
- Facilitating effective discussion at Board meetings.

A review of directors independence is undertaken by:

- Tabling of individual director interests and each and every Board meeting (Directors must disclose to the Board actual or potential conflicts that may or might reasonably be thought to exist between the interests of the Director and the interests of the Company. Whether an interest is material or not is covered by the materiality threshold set by the Board. On appointment, Directors will have an opportunity to declare any such interests and they will be entered in to the Company's Register of Ongoing Conflicts of Interests; and
- A bi-annual formal assessment using defined criteria of independence and material consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The Company Secretary is accountable directly to the Board, through the Chairperson, on all matters to do with the proper functioning of the Board.

4. Governance Forums

Whilst at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its stewardship it may make use of committees, including an Audit and Risk Committee (ARC) and a Nomination Committee and Remuneration Committee to assist and advise the Board on specific matters set out in the charters of those committees.

The Board will establish special purpose committees as deemed appropriate from time to time for specific purposes.

Each director has the right to seek independent professional advice on matters relating to his position as a director of the Company, at the Company's expense, subject to prior approval from the Chairperson, which shall not be unreasonably withheld.



5. Remuneration

On advice from the Remuneration Committee (if considered necessary to form), the Board is responsible for:

- Reviewing and approving on-Executive Directors' Board and Committee fees and any other forms of remuneration subject to shareholder approved limits and the Company's constitution
- Approval of the Remuneration policy and its specific application to the MD/CEO and senior executives and its general application to all employees, and
- Determining the MD/CEO's corporate and individual objectives and the Company's objectives and evaluating the MD/CEOs performance and assessing the attainment of Performance KPI's and objectives.

6. Managing Director / Chief Executive Officer

The Board has appointed a MD/CEO who has responsibility for the overall operational, business and profit performance of the Company. The MD/CEO manages the Company in accordance with the strategy, plans and policies approved by the Board from time to time.

The MD/CEO appoints all senior executives reporting to this function after consultation with the Board.

It is the responsibility of the MD/CEO and/or Chief Finance Office (CFO) to provide written assurances to the Board that in all material respects:

- The financial reports submitted to the Board present a true and fair view of the Company's financial condition and operational results
- The Company's risk management and internal compliance and control system is operating efficiently and effectively.

7. Company Secretary

The Secretary is responsible for carrying out the administrative and legislative requirements of the Board. The Secretary holds primary responsibility for ensuring the Board processes and procedures run efficiently and effectively.

The specific tasks of the Secretary include:

- Overseeing the Company's compliance program and ensuring all Company legislative obligations are met
- Ensure the agenda and briefing materials for Board meetings are prepared and forwarded to directors in a timely and effective manner
- Recording, maintaining and distributing the minutes of all Board and Board sub-committee meetings as required
- Prepare and attend all general meetings of the Company and ensure correct procedures are followed
- Record, maintain and distribute minutes of all annual and extraordinary general meetings of the Company
- Meet statutory reporting requirements in accordance with relevant legislation



8. Committees

To assist with the execution of its responsibilities, the Board has the authority to establish and determine the powers and functions of the committees of the Board, including the Audit & Risk Committee, the Nomination and Remuneration Committee and the Health, Safety & Environment Committee. Each Board committee is to document a charter, approved by the Board, setting out its responsibilities.

The Committee secretary must distribute an agenda and any related committee papers (including minutes of the previous committee meeting) in advance of any Committee meetings to:

- Each member of the Committee and (if requested) each Director
- Any other parties directly associated with that Committee (e.g. the external auditor)

8.1 Audit & Risk Committee

The role and responsibilities, composition, structure and membership requirements of the Audit & Risk Committee are documented in a separate Audit & Risk Committee Charter.

The Audit & Risk Committee consists of:

- a. a minimum of 3 members, with the majority of members being independent directors. The members of the Committee will be appointed and removed by the Board; and
- b. an independent chair, who is not the Chair of the Board;
- c. **at least one member with financial expertise either as a qualified accountant or other financial professional with experience in financial and accounting matters; and**
- d. at least one member who has an understanding of the industry in which the Company operates.

The Audit & Risk Committee must review the integrity of the Company's financial reporting and oversee the independence of the external auditors.

The Audit & Risk Committee will provide the Board with key assurances in relation to the Company's processes for managing risk. That role includes reviewing and making recommendations to the Board in relation to:

- a. the risk appetite for the Company,
- b. key business risks of the Company,
- c. the adequacy of the Company's processes for managing risk,
- d. any incident involving fraud or other break down of the Company's internal controls,
- e. the Company's insurance program, having regard to the Company's business and the insurable risks associated with its business.

In addition, the Audit & Risk Committee will review the Company's risk management framework at least annually to satisfy itself that it continues to be sound.

8.2 Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of a majority of independent directors. The Nomination and Remuneration Committee should be chaired by an independent director.

The responsibilities of the Nomination and Remuneration Committee include:

- a. executive remuneration and incentive policies;
- b. the remuneration packages of senior management;



- c. the Company's recruitment, retention and termination policies and procedures for senior management;
- d. incentive schemes;
- e. superannuation arrangements;
- f. the remuneration framework for directors;
- g. assessment of the necessary and desirable competencies of Board members;
- h. review of Board succession plans;
- i. evaluation of the Board's performance; and
- j. recommendations for the appointment and removal of directors.

8.3 Health, Safety & Environment Committee

The role of the Health, Safety & Environment Committee is to review and make recommendations to the Board in relation to:

- a. the adequacy of the Company's processes for managing HSE issues;
- b. any incident involving a fatality, a Lost Time Injury or environmental harm;
- c. the appropriateness of the Company's reporting of HSE issues, and
- d. the adequacy of internal and external resources used by the Company to manage HSE issues.

8.4 Code of Conduct

To promote ethical and responsible decision-making, the Board must approve a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

9. Disclosure

The Board is responsible for establishing and reviewing the Company's disclosure policy to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior management level for that compliance.

10. Internal Controls, Risk Management and Financial Reporting

The Board will ensure the Company establishes and maintains a sound system of internal control and risk management to protect the Company's assets and promote an environment within the Company which is consistent with best practice financial reporting, specifically by:

- Performing an independent review of financial information prepared for management for external reporting. This will include conducting reviews of the Annual Financial Statements, half yearly financial statements (if required) and any other externally reported financial information required by law.
- Monitoring the integrity and effectiveness of financial reporting processes
- Reviewing and assessing the external audit arrangements (as required)
- Reviewing and ensuring implementation of legislated major accounting changes



- Ensuring appropriate policies are established and adequate systems are in place to identify and disclose related party transactions and assessing the propriety of any related party transactions
- Ensuring the Board is kept regularly informed on general progress and activities, and is promptly briefed on all significant matters
- Overseeing the risk management framework and monitoring the internal control environment by reference to the Company's risk management, internal compliance and control processes, and
- Reviewing the Company's risk management framework at least annually to ensure it continues to be sound and appropriate for the Company's size and level of operations.

The Board may delegate certain activities to the Risk and Audit Committee who assist the Board in fulfilling its duties.

11. External Audit Arrangements

The Board, in conjunction with key stakeholders, shall determine whether to appoint an external auditor. If it is deemed necessary to appoint an external auditor, then the Board shall be responsible for external audit arrangements, including:

- The appointment, reappointment, replacement and remuneration of the external audit firm
- Reviewing the terms of engagement for the external auditor
- Reviewing the scope of the external audit with the external auditor including identified risk areas
- Monitoring the performance of the external audit including assessment of the quality and rigor of the audit, quality of the service provided and the audit firm's internal quality control procedures
- Reviewing and assessing non-audit services to be provided by the external auditor, with particular consideration to the potential impair or appear to impair the external auditor's independence
- Reviewing and monitoring management's responsiveness to the external audit findings, and
- On a periodic basis, meeting with the external auditor without the presence of management.

The Board may delegate certain activities to the Risk and Audit Committee who assist the Board in fulfilling its duties.

12. Appointment of External Auditor

Should the appointment of or a change in auditor be considered necessary, a formal tendering process will be undertaken. The Board (or Committee) will identify the attributes required of an auditor and will ensure the selection process is sufficiently robust so as to ensure selection of an appropriate auditor.

The Board (or Committee) will ensure that prospective auditors have been provided with a sufficiently detailed understanding of the Company, its operations, its key personnel and any other information, including group structures and financial statements that will have a direct bearing on each firm's ability to develop an appropriate proposal and fee estimate.



The Board (and Committee, if formed) will consider the appointment in conjunction with the key management team.

In selecting an external auditor, particular consideration will be given to determining whether the fee quoted is sufficient for the work required, that the work is to be undertaken by people with an appropriate level of seniority, skill and knowledge and whether the work proposed is sufficient to meet the Company's needs and expectations.

The appointment of an external audit firm will be placed before shareholders for ratification at the next Annual General meeting after the appointment is made.

13. Corporate Governance

The Board (or Committee if considered necessary) should:

- Ensure the Company has an appropriate corporate governance framework of rules, relationships, systems and processes within and by which authority is exercised and controlled
- Review and monitor corporate governance requirements and standards that may be relevant to the Company, including requirements of ASIC and other applicable regulators
- Review annually the Company's main corporate governance policies and recommend amendments to the Board if necessary
- Review the independent status of the Company Directors
- Monitor and review any related party transactions

14. Sign-off Procedure

The Board (or Committee) will ensure the external auditors prepare a written statement to the Board certifying that, in their opinion, the financial records of the Company have been properly maintained and that the Company's audited annual financial report, reviewed half yearly financial report (if required) and quarterly reports (if required) present a true and fair view, in all material respects, of the financial condition of the Company and its operational performance is in accordance with relevant accounting standards.

The statement is to be presented to the Board prior to the approval and sign-off of the respective financial reports.



15. Review

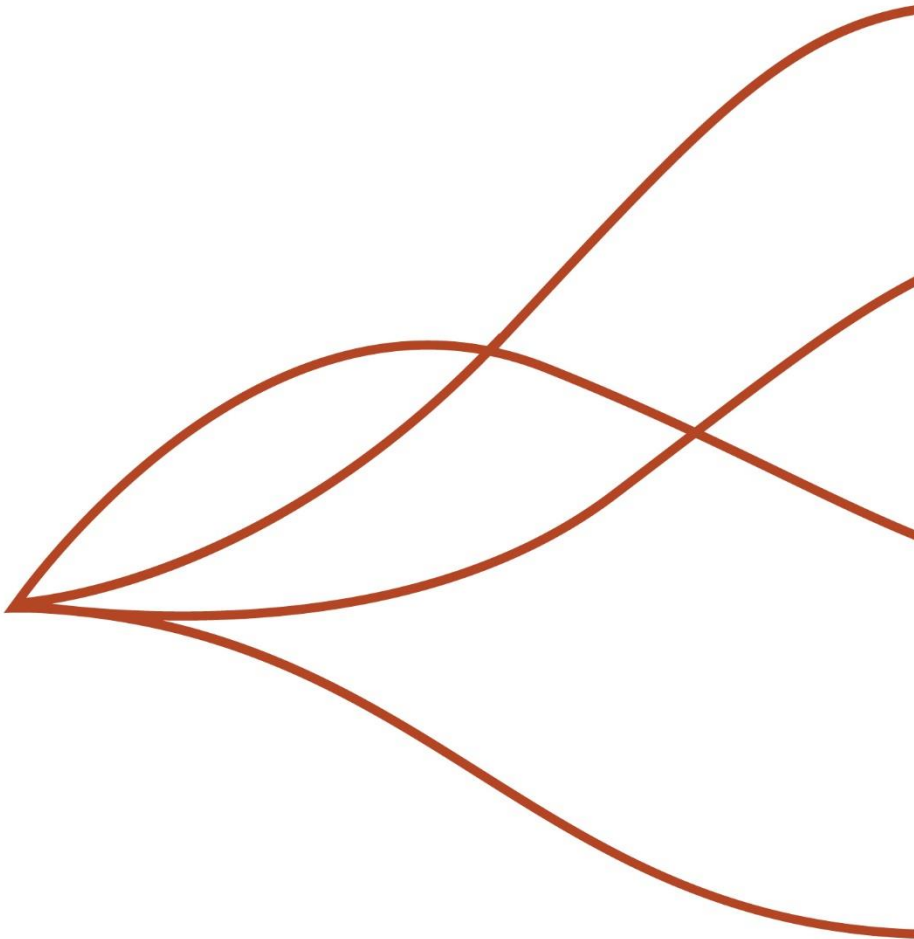
The board will review this Charter annually to keep it up to date and consistent with the Board's objectives and responsibilities.

Amendments to the Charter, other than updates for the Company branding or position titles are to be approved by the Board.

Don Runge

Chairperson

29 April 2022



VHM Limited
ABN 58 601 004 102

vhmltd.com.au